

Message Text

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ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08

TAR-02 TRSE-00 USIA-15 PRS-01 SP-03 FEA-02 OMB-01

SWF-02 DRC-01 /171 W
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R 261950Z APR 74

FM AMCONSUL RIO DE JANEIRO

TO AMEMBASSY LIMA

INFO SECSTATE WASHDC 558

AMEMBASSY BRASILIA

LIMITED OFFICIAL USE RIO DE JANEIRO 1516

E.O. 11652: N/A

TAGS: PFOR, XM, ETRD

SUBJECT: MTN: MEETING WITH US BUSINESSMEN IN RIO DE JANEIRO

1. IN ACCORDANCE WITH THE REQUEST OF MR. MITCHELL NEW DELMAN, THE FOLLOWING IS A REPORT ON THE PRINCIPAL QUESTIONS RAISED DURING HIS MEETING WITH OVER 40 US BUSINESS EXECUTIVES AT THE RIO CONSULATE GENERAL.

QUESTION: WILL THE NEW MTN DEAL WITH BARRIERS ERECTED TO THE TRANSFER OF TECHNOLOGY AMONG NATIONS?

ANSWER: THE MTN UNDER THE GATT WILL REMAIN FOCUSED ON MERCHANDISE TRADE. TRANSFER OF TECHNOLOGY GENERALLY IS TREATED SEPARATELY WITH MATTERS PERTAINING TO LICENSING AND FOREIGN INVESTMENT, ALTHOUGH TECHNOLOGY ISSUES (AS IS ALSO THE CASE WITH ISSUES INVOLVING THE INTERNATIONAL MONETARY SYSTEM) ARE INTER-RELATED TO TRADE AND THE OBJECTIVES OF THE GATT. HERETOFORE THE
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GATT HAS CONCENTRATED ON REMOVAL OF IMPORT BARRIERS BUT

THE NEW MTN WILL ALSO DISCUSS EXPORT RESTRICTIONS AND THIS WILL INDIRECTLY AFFECT DECISIONS ON EXPORT RESTRICTIONS TO THE TRANSFER OF TECHNOLOGY OR THE ACCESSIBILITY TO ADVANCED TECHNOLOGY BY LDCS.

QUESTION: IS THE PRESENT MOOD IN CONGRESS MULTINATIONAL OR ISOLATIONIST?

ANSWER: CONGRESSMEN REFLECT THE INTERESTS OF THEIR CONSTITUENTS AND, FRANKLY, MOST CONGRESSMEN RECEIVE LITTLE MAIL ON US PARTICIPATION IN MTN. (AN EXCEPTION IS WHERE MTN IS LINKED TO EMOTIONALLY CHARGED ISSUES, E.G., THE PROVISIONS IN THE TRADE REFORM ACT FOR GRANTING MOST FAVORED NATION STATUS TO THE USSR CONFLICTING WITH THE VIEWS OF SOME CITIZENS ON THAT COUNTRY'S TREATMENT OF ITS JEWISH CITIZENS.)

QUESTION: IS IT POSSIBLE FOR THE US TO MAKE MORE TRADE CONCESSIONS? DURING THE KENNEDY ROUND PERIOD OUT DUTY REDUCTIONS WERE SUBSTANTIAL AND THE PRESENT US TARIFF POSITIONS ARE GENERALLY QUITE LOW.

ANSWER: YES. THE US HAS A NUMBER OF TRADE BARRIERS. TO OUR TRADING PARTNERS THE PROBLEMS DO NOT LIE ONLY WITH TARIFFS BUT RELATE HEAVILY TO NON-TARIFF TRADE BARRIERS. MANY OF THE US TRADING PARTNERS WANT A LOWERING OF THESE BARRIERS.

QUESTION: HOW DOES THE GATT AND MTN DEAL WITH REGIONAL ECONOMIC GROUPS SUCH AS THE ANDEAN BLOC, CACM, ETC.?

ANSWER: THIS CENTERS ON DEFINING WHAT THE BLOC'S POSITION IS EXTERNALLY IN COMPARISON TO THE TRADE SYSTEM OF EACH MEMBER OR BLOC BILATERAL PREFERENTIAL TRADE ARRANGEMENTS. FOR EXAMPLE, IF THE BLOC'S IMPORT TARIFFS ARE HIGHER THAN A MEMBER COUNTRY'S TARIFF ON AN ITEM- THERE IS A PROBLEM. THIS HAS HAPPENED WHEN A MEMBER COUNTRY HAS HAD TO ADAPT ITS IMPORT REGIME TO A MORE RESTRICTIVE BLOC POLICY - AS HAS OCCURRED IN THE EVOLUTION OF THE EEC.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, BUSINESSMEN, TECHNOLOGICAL EXCHANGES, NEGOTIATIONS, MEETINGS
Control Number: n/a
Copy: SINGLE
Draft Date: 26 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974RIODE01516
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740100-0252
From: RIO DE JANEIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740411/aaaaaiwl.tel
Line Count: 108
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 09 SEP 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <09 SEP 2002 by boyleja>; APPROVED <06 FEB 2003 by GolinoFR>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MTN: MEETING WITH US BUSINESSMEN IN RIO DE JANEIRO
TAGS: PFOR, ETRD, XM
To: LIMA
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005